

- **Joint announcement from Scottish Legal Life and Scottish Friendly –**

## **GLASGOW FINANCIAL INSTITUTIONS AGREE EXCLUSIVE PARTNERSHIP**

Scottish Legal Life and Scottish Friendly today confirmed they have entered into an exclusive partnership with a view to transferring Scottish Legal Life's book of business (with some 120,000 members) to Scottish Friendly; the transfer would boost Scottish Friendly's funds under management by approximately £200m.

Scottish Legal Life closed its fund to new business in 2002. The streamlining of its operation since then has provided strong investment returns for policyholders. The proposed partnership will continue this trend and benefit members generally.

Scottish Legal Life's Board, supported by independent advice, reviewed a wide range of organisations before selecting Scottish Friendly to act as its exclusive partner.

Gerry Kay, Chief Executive of Scottish Legal Life, said: "We have chosen Scottish Friendly as our preferred partner as we believe it will deliver the best long term value for our members. We were particularly impressed with its efficient back office and low administration charges. These factors, together with a demonstrable financial strength and successful business strategy, will help to deliver the highly competitive, long term investment returns which Scottish Legal Life members have come to expect. In addition, the choice of Scottish Friendly means that our members will continue to receive all the benefits of investing with a mutual via a well established friendly society based in Scotland."

Fiona McBain, Chief Executive of Scottish Friendly, said: "Scottish Friendly is very proud to have been selected from a tough competitive field to pursue this opportunity. Both Gerry and I are confident that we can deliver an agreement which will meet with the

approval of Scottish Legal Life policyholders and which will have long-term and profitable benefits for members of both organisations. We hope to be in a position to complete a transfer of business during 2007.

“A transfer would be a further significant step forward in delivering Scottish Friendly’s growth strategy of organic sales, third party administration and mergers. We judge selection by Scottish Legal Life to be testimony to our successes in these areas to date.”

The proposed transaction requires the approval of the UK and Republic of Ireland regulators as well as the Scottish Legal Life members.

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**Notes to Editors:**

Scottish Friendly reported record funds under management of over £520 million at its AGM on 26 April 2006.

A further two friendly societies merged with the mutual earlier this year – Rational Shelley and Preston Operative.

With over 380,000 members, Scottish Friendly is the fourth most popular friendly society in the UK – in terms of membership - and over the last decade has been one of the fastest growing. This latest deal will take the number of members to approximately 500,000 and bring assets under management and administration to over £750 million.

Friendly societies came to prominence during the Industrial Revolution. Their aim, via mutual funds to which members contributed, was to support communities and families by providing funds to workers who suffered illness, could no longer work and for funeral costs.

Uniquely, returns from friendly society plans are tax-free. Members invest up to £25 a month (or £270 a year) for at least ten years. Investments grow free of capital gains and income tax, under current legislation, throughout the term and proceeds can be paid tax-free at any point after ten years. More information is available from the Association of Friendly Societies' website – [www.afs.org.uk](http://www.afs.org.uk)